

Summary of Provisions of Part 1.8 of Division 24 of the Health and Safety Code as added by AB 26 (Chapter 5, Statutes of 2011, First Extraordinary Session)

The following provisions are still in effect with respect to California redevelopment agencies during the stay ordered by the Supreme Court in the case *California Redevelopment Association v. Matosantos*: **This document is a summary only and does not fully describe all of the provisions of statute. Redevelopment agencies should carefully read the statute and consult counsel if there are questions as to the requirements of law.** Questions may be submitted to the Department of Finance as described on the Redevelopment Administration website. While we will try to provide assistance, we cannot provide legal advice and may not be able to answer some questions.

Because the provisions of AB 27 (Chapter 6, Statutes of 2011, First Extraordinary Session), except Section 34194 of the health and Safety Code, are stayed by the Supreme Court's order, the provisions of Part 1.8 apply to all redevelopment agencies regardless of any previous or intended action to opt-in to the AB 27 alternative redevelopment program..

Section 34161. Provides that the provisions of Part 1.8 are effective and operative on the effective date of the act adding this part which was June 28, 2011 by virtue of the bill being a budget trailer bill, taking effect immediately upon signature.

Section 34162.(a) Prohibits redevelopment agencies from taking any action to incur new indebtedness including:

- (1) Issuing or selling bonds.
 - (2) Incurring any new indebtedness payment from taxes, loan repayments, fees, other agency revenues, or state or federal funds.
 - (3) Refunding, restructuring, or refinancing indebtedness that existed on January 1, 2011.
 - (4) Taking out or accepting loans from the state or federal government, any other public agency, private lender, or any other source.
 - (5) Executing trust deeds or mortgages.
 - (6) Pledging or encumbering any revenues or assets.
- (b) The section voids any actions inconsistent with it.
- (c) The section permits emergency refunding bonds where a payment due prior to October 1, 2011 is more than 20 percent larger than an level debt payment for that bond.

Section 34163.

- (a) Prohibits making new loans, advances or grants, or making any agreements to do so.
- (b) Prohibits entering into contracts or incurring any other form of obligation for any purpose
- (c) Prohibits amending or modifying existing agreements and obligations.
- (d) Prohibits disposing of assets
- (e) Prohibits acquisition of real property.
- (f) Prohibits the transfer, assignment, vesting, or delegation of any assets, funds, rights, powers, ownership interests or obligations to any other entity including the community and the legislative body.
- (g) Prohibits the acceptance of any assistance from the state or federal government.

Section 34164. Prohibits agencies from engaging in the following redevelopment activities:

- (a) Preparing approving amending or merging redevelopment plans including time limits.
- (b) Creating or changing project area boundaries.
- (c) Designating or changing the boundaries of a survey area.
- (d) Approving programs, projects, or expenditures except as required by law.
- (e) Preparing or modifying preliminary plans.
- (f) Preparing or modifying an implementation plan.
- (g) Preparing or modifying a relocation plan.
- (h) Preparing or modifying a housing plan.
- (i) Directing the development or rehabilitation of housing unless required to do so by an enforceable obligation.
- (j) Making or modifying a declaration of blight.
- (k) Making any findings that blight cannot be remedied by private development.
- (l) Providing any relocation assistance except when required by law.
- (m) Providing any financial assistance.

34165. Prohibits other actions as follows:

- (a) Entering into partnerships or becoming a member joint powers agreements or any other entity.
- (b) Imposing any new transient occupancy taxes.
- (c) Increasing pay or benefits that had not previously been contracted.
- (d) Providing any discretionary bonuses.
- (e) Increasing staff
- (f) Brining any validation actions for bonds.
- (g) Beginning any condemnation actions
- (h) Preparing draft environmental impact reports.

34166. Prohibits the creation of new agencies.

34167. (a) States that the intent of the Part is to preserve revenues and assets to the maximum extent possible.

(d) Defines enforceable obligations.

(e) Provides that this Part controls over redevelopment law if there are conflicts.

(f) Provides that there is no restriction on performance of enforceable obligations.

(g) Provides that existing memorandums of understanding with employee organizations continue until September 30 unless superseded by a new agreement.

(h) Provides that only payments of amounts on an enforceable obligation schedule can be made after 60 days from the enactment date (August 29, 2011), except bond payments.

(i) Provides that both Department of Finance and the State Controller may require any documents to be produced with respect to enforceable obligations, and may file an action for injunctive relief for violations of this Part.

34167.5. Provides that the Controller shall review the actions of redevelopment agencies since January 1, 2011 to determine whether asset transfers to an agency that created the redevelopment agency were made and determine if the assets are contractually committed to third parties. If the assets are not so committed the Controller shall order the assets returned.

34169. Requires redevelopment agencies to perform the following actions until a successor agency is formed. (The creation of successor agencies is stayed pursuant to the Supreme Court order.)

- (a) Make payments for enforceable obligations.
- (b) Perform other obligations pursuant to enforceable obligations.
- (c) Set-aside or maintain any reserves required by bond indentures.
- (d) Preserve all assets and records and minimize liabilities.
- (f) Take measures to avoid default of any enforceable obligation
- (g) Adopt an Enforceable Obligation Payment Schedule by August 29, 2011. This should include for each obligation the payee, a description of what is being paid for, the amount of payment by month through December 2011. (This is intended to be prospective from the date of the adoption of the schedule) The schedule must be posted on the agency website and transmitted to Department of Finance and the State Controller. (Schedules or a link to the posted schedule on an agency website can be e-mailed to Department of Finance's Redevelopment Administration Website.)
- (h) Prepare a draft Recognized Obligation Payment Schedule by September 30, 2011 for use by the successor agency (if created.) (See Section 34171 for the definition of enforceable obligation for this purpose.)
- (i) Provides that the Department of Finance may file a request for review of enforceable obligation schedules within three business days of their adoption and that no actions may be taken for those three days and for at least 10 days afterward if review is requested. The schedules are not effective until approved by the Department once review is requested.